

**Central Electricity Regulatory Commission
New Delhi**

RECORD OF PROCEEDINGS

Petition No. 181/2009

Subject: Petition for determination of revised fixed charges on account of additional capital expenditure incurred for the period 1.1.2007 to 31.3.2009 at Feroze Gandhi Unchahar Thermal Power Station, Stage – III (210 MW).

Date of Hearing: 15.3.2011

Coram: Dr. Pramod Deo, Chairperson
Shri S.Jayaraman, Member
Shri V.S.Verma, Member

Petitioner: NTPC Ltd, New Delhi

Respondents: UPPCL, JVVN, AVVNL, JdVVNL, DTL & Ors.

Parties present: Shri Shanker Saran, NTPC
Shri Ajay Dua, NTPC
Ms. Alka Saigal, NTPC
Shri Sameer Agarwal, NTPC
Shri Manish Garg, UPPCL

This petition has been filed by the petitioner, NTPC for revision of tariff in respect of Feroze Gandhi Unchahar Thermal Power Station Stage-III (210 MW) (hereinafter referred to as ‘the generating station’) on account of additional capital expenditure incurred for the period 1.1.2007 to 31.3.2009, in terms of the Central Electricity Regulatory Commission (Terms and conditions of Tariff) Regulations, 2004 (hereinafter ‘the 2004 regulations’).

2. The representative of the petitioner has submitted as under:
- (a) The date of commercial operation of the generating station was 1.1.2007 and the Commission by its order dated 10.7.2008 in Petition No. 84/2007 had determined the tariff for the generating station for the period from 1.1.2007 to 31.3.2009.
 - (b) The expenditure claimed was within the original scope of work. During the initial years, the focus was on commissioning of the project and due to this, expenditure on some of the assets like computers, spares, and other miscellaneous items amounting to ₹4 to 5 crores (approx) had been incurred beyond the cut-off date.
 - (c) The amount involved was less than 1% of the project cost and the beneficiaries had also not been adversely affected on account of power made available to them prior to the scheduled date of commercial operation of the

generating station. Moreover, the tariff during the initial years was low due to reduced capitalization.

- (d) In view of the above, the cut-off date of the generating station may be relaxed by the Commission as 31.3.2009 in respect of the items/assets completed upto 31.3.2009.

3. The representative of the respondent, UPPCL has submitted as under:

- (a) The outstanding liability as on 1.1.2007 was ₹61.55 crore and after payment of an amount of Rs 44.95 crore, the balance amount of Rs 16.60 crore was still outstanding as on 31.3.2009.
- (b) After payment of ₹13 crore to M/s BHEL, the balance amount of ₹14.71 crore was still outstanding. Since payment has not been made for three years, these amounts should not be capitalized.
- (c) The reasons for non-payment of some of the amounts have not been submitted. The petitioner should confirm if these payments were not to be made or not and if not payable, the same should form part of the 'suppliers funding' as the amount was inbuilt in the cost of the equipment.
- (d) Some of the claims of the petitioner in Annexure -VI and VII and VIII of the petition may not be allowed as there was no clarity in the nature of the expenditure incurred. Moreover, these claims should be considered in terms of Regulation 18(1)(ii) instead of 18(1)(i) being 'works deferred for execution'.
- (e) The petitioner may be directed to submit details as required under the regulations specified by the Commission in terms of Section 62(5) of the Electricity Act, 2003 (the Act).

4. In response to the above, the representative of the petitioner clarified that the claims in respect of un-discharged liabilities have been made in terms of the judgment of the Appellate Tribunal for Electricity dated 10.12.2007 in Appeal No. 151 & 152/2007. He also submitted that categorization has been made in accordance with the Regulations 18(1)(i) and 18(1)(ii) of the 2004 regulations and the same has been detailed in the rejoinder. The representative further submitted that details as required under the regulations specified by the Commission in terms of Section 62(5) of the Act would be filed in due course.

5. The Commission after hearing the parties reserved its order on the petition.

Sd/-
(Dr. N.C.Mahapatra)
Chief Advisor (Law)